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DODE-00 DOT-12 INR-07 NSAE-00 RSC-01 L-04 PRS-01
RSR-01 /079 W
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FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 4725

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 25 MAY 1982
FRDS ☐ or ADS ☐ EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
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LIMITED OFFICIAL USE SECTION 1 OF 2 ROME 2185

SUBJECT: CIVAIR NEGOTIATIONS

REF: ROME 2136

DELIVER LOY E/TT 0900

1. IN TWO MEETINGS THURSDAY TWO DELS REVIEWED ALL OUTSTANDING ISSUES WITH EXCEPTION LEVEL OF ALL CARGO FREQUENCIES DURING INTERIM PERIOD AND NUMBER OF ALL CARGO POINTS IN US.

2. CAPACITY. ITAL DEL PRESENTED ITALIAN DOC 6 ON SAFETY VALVE WHICH ACCEPTED US CONCEPT OF FREEZE BUT EXTENDED IT FOR TWO YEARS. USDEL SAID LENGTH OF TIME EXCESSIVE FOR DYNAMIC MARKET LIKE ITALY AND WOULD ENCOURAGE EXCESSIVE CAPACITY FILINGS BY CARRIERS. SAID US DEL MIGHT EVEN PREFER EARLIER ITALIAN FORMULATION OF STABILIZATION ON BASIS MARKET GROWTH. BOTH DELS SAID WOULD CONSIDER FURTHER.

3. MULTIPLE DESIGNATION ITALIAN DOC 5 WHICH PROPOSED ELIMINATION MULTIPLE DESIGNATION PROBLEM BY ELIMINATING DALLAS. ITALDEL POINTED OUT THAT PROBLEM ADDITIONAL CARRIER HAD BEEN STIMULATED BY ITALIAN REQUEST FOR DALLAS. ELIMINATION OF DALLAS WOULD AVOID NECESSITY OF CONSIDERING CERTIFICATION OF NEW CARRIER FOR POINT SERVED BY ITALIAN CARRIER AND NOT BY US. US DEL POINTED

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OUT THAT US HAD CONCEPTUAL PROBLEM HERE WHICH WAS NICELY RESOLVED BY INCLUSION DALLAS AND WHICH AT SAME TIME GAVE ITALIANS VALUABLE POINT.

4. ROUTE SCHEDULE. USDEL SAID NEEDED INTERMEDIATE POINTS NOTED IN US DOC 4 FOR UK FOR ALL CARGO AND COMBINATION SERVICES. ITALDEL SAID HAD UNDERSTOOD THAT US WANTED ONLY UK AND IRELAND FOR ALL CARGO. US DEL POINTED OUT THAT SEVEN INTERMEDIATE POINTS FOR ALL CARGO HAD BEEN IN PICTURE FROM BEGINNING AND ITALIANS WERE AWARE OF IT. ITAL DEL GAVE VAGUE RESPONSE TO EFFECT THAT MIGHT CONSIDER THIS AS HYPOTHESIS. USDEL OBJECTED TO PROVISION IN ITALIAN DOC 2 LIMITING NUMBER OF POINTS TO BE SERVED IN INDIVIDUAL INTERMEDIATE COUNTRIES AND EMPHASIZED FLEXIBILITY REQUIRED ELIMINATION SUCH LIMITATIONS. ITALIAN REPLY NON-COMMITTAL. USDEL POINTED OUT THAT INTERMEDIATES REQUESTED BY ITALIANS INCLUDED NEW POINTS OF GREAT VALUE NOT INCLUDED IN VALUATION EXERCISE. NOTED THAT ITALIANS NOT EVEN OPERATING TO FRANCE AND UK. REITERATED US POSITION THAT ITALIAN POINTS SHOULD BE SPAIN, PORTUGAL AND MONTREAL. RE POINTS IN ITALY FOR US ALL CARGO SERVICES, USDEL SAID THREE POINTS HAD GOOD CARGO POTENTIAL AND HAD BEEN INCLUDED IN FORMER AGREEMENT. ITALDEL SAID NEW SITUATION NOW BUT SAID WOULD CONSIDER FURTHER. RE US BEYONDS US DEL SAID WAS PREPARED IN PRINCIPLE TO ACCEPT ITALIAN FORMULATION ON LIMITATIONS ON NUMBERS OF POINTS IN INDIVIDUAL COUNTRIES BUT REQUIRED MINOR CHANGES, I.E., TURKEY (2), INDIA (3), BURMA (2), VIETNAM (2), MAINLAND CHINA (2), CAMBODIA (2). ITAL DEL NOTED THAT NEW POINTS HAD ADDITIONAL VALUE BUT DID NOT APPEAR TROUBLED BY CHANGES. NEITHER DID THEY ACCEPT.

5. ALL CARGO CAPACITY. ITALDEL REPEATED EARLIER ARGUMENTS AGAINST INCLUDING ALL CARGO SERVICES IN AGREEMENT AND SAID ONLY TO CONSULT FURTHER AT END OF INTERIM PERIOD. USDEL POINTED OUT THAT ITALDEL HAD AGREED ON HYPOTHETICAL BASIS TO ACCEPT US FORMULATION IF US AGREED CONSIDER EXPANSION OF ROUTES. USDEL HAD MOVED LONG WAY ON ROUTES AND NOW ITALDEL WAS RENEGING ON UNDERSTANDING ON ALL CARGO CAPACITY. USDEL MADE IT CLEAR THAT IT WAS TACTICS SUCH AS THESE WHICH MADE USDEL EXTREMELY RELUCTANT TO SUGGEST ANY CONCESSIONS UNLESS MATCHED IMMEDIATELY BY AN ITALIAN CONCESSION. UNDER CIRCUMSTANCES USDEL HAD TO WITHDRAW HYPOTHETICAL OFFER

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OF ANY ENLARGEMENT ITALIAN SCHEDULE. ITALDEL SAID MUST HAVE MISUNDERSTOOD EARLIER COMMITMENT.

6. BEHIND GATEWAY. ITALDEL SAID COULD CONSIDER SUCH OPERATIONS ONLY IF FLIGHT NUMBERS CHANGED OR IF REASONABLY LONG STOP MADE AT GATEWAY POINT AS SUGGESTED EARLIER IN CHERINGTON-SANTINI TALKS. USDEL SAID ITALIAN SUGGESTION DID NOT MEET PUBLIC INTEREST NEEDS IN THAT PUBLIC WOULD BE CONFUSED BY NUMBER CHANGES. BOTH DELS AGREED TO CONSIDER FURTHER.

7. CHANGE OF GAUGE. ITALDEL SAID COULD CONSIDER THIS SO LONG AS SMALLER AIRCRAFT DID NOT START IN ROME, I.E., COULD TRANSFER PASSENGERS FROM ARRIVING 747 TO TRANSITING 707 FROM US TO POINTS BEYOND. USDEL POINTED OUT THAT THIS WAS FACILITY NORMALLY AVAILABLE TO AIRLINES AND DID NOT REPRESENT ANY CONCESSION. ITALDEL SAID US COULD CHANGE GUAGE ELSEWHERE AND ACCOMPLISH SAME OBJECTIVE BUT ITALIANS DID NOT WANT 707 SHUTTLING BACK AND FORTH BETWEEN ROME AND POINTS BEYOND.
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SUBJ: CIVAIR NEGEOTIATIONS

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DELIVER LOY E/TT 0900

8. CUSTOMS ARTICLE. WORKING GROUP ON CUSTOMS EXAMINED US DRAFT BUT ITALIANS COULD NOT ACCEPT ANY FORMULATION CONTAINING REFERENCE GROUND. ITALIAN REP SAID COULD NOT EVEN UNDERTAKE COMMITMENT TO EXPLORE WITH EC BECAUSE OF CLEARANCE PROBLEM IN ITALIAN GOVT. SUGGESTED BEST APPROACH IS FOR US CARRIERS TO APPROACH EUROPEAN CARRIERS IN EFFORT TO PERSUADE EUROPEAN GOVTS TO MOVE ON THIS. CITED EXAMPLE LINK TRAINERS WHICH WORKED OUT ON THIS BASIS. WASHINGTON SHOULD CONSIDER WHETHER WE SHOULD CONCEDE ON THIS IF PACKAGE IS RIGHT.

9. AT END MEETING ITAL DEL RETURNED TO QUESTION ITALIAN POINTS IN US ALSO COVERED IN ITALIAN DOC 5. DOC 5 INCLUDED NINE POINTS: NEW YORK, BOSTON, WASHINGTON, BALTIMORE, PHILADELPHIA, DETROIT, CHICAGO, LOS ANGELES AND SAN FRANCISCO. US DEL SAID THIS WAS IMPOSSIBLE. ITAL DEL ASKED US DEL REACTION TO EIGHTH-POINT LIST (EXCLUDING BALTIMORE) ON BASIS US GOT 95 PERCENT OF WHAT IT WANTED. US DEL ASKED ABOUT MULTIPLE DESIGNATION AND ALL CARGO CAPACITY.

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ITAL DEL SAID MULTIPLE DESIGNATION OUT AND HAD NO AUTHORITY DEPART FROM CURRENT POSITION BUT HOPED COULD OBTAIN SUCH AUTHORITY IF US FORTHCOMING. US DEL EXPRESSED UNHAPPINESS WITH ITALIAN PROPOSAL. POINTED OUT ITALIANS HAD NOT BUDGED ONE INCH FROM DECEMBER 1968 ON THE TWO BASIC DISAGREED ISSUES WHILE AT SAME TIME US HAD MADE ENORMOUS CONCESSIONS ON ROUTES. SAID WOULD GIVE FULL REPLY IN NEXT SESSION.

10. COMMENT: ITALIAN TACTICS OF OFFERING CONCESSIONS TO EXTRACT NEW PROPOSALS FROM US AND THEN WITHDRAWING THEM CONTINUES TO BE MAJOR DIFFICULTY IN TALKS. RE MULTIPLE DESIGNATION ISSUE CLEAR THAT REMOVAL OF DALLAS REMOVES THE OBVIOUS STIMULUS FOR MENTIONING MULTIPLE DESIGNATION AT ALL. SINCE US ORIGINAL PREFERRED POSITION ON THIS WAS SILENCE PERHAPS OUR INTERESTS WOULD BE BEST DEFENDED BY ELIMINATING ANY REFERENCE TO MULTIPLE DESIGNATION IN SIDE AGREEMENT. OF COURSE ROUTE POSSIBILITIES MORE LIMITED NOW BECAUSE OF NAMED POINT DESCRIPTION.
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